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DE RUEHWR #2149/01 2980749

ZNR UUUUU ZZH

P 250749Z OCT 07

FM AMEMBASSY WARSAW

TO RUEHC/SECSTATE WASHDC PRIORITY 5393

INFO RUCNMEM/EU MEMBER STATES

RUEHKW/AMCONSUL KRAKOW 1885

RUEATRS/DEPT OF TREASURY WASHDC

RUCPDOC/DEPT OF COMMERCE WASHINGTON DC

UNCLAS SECTION 01 OF 02 WARSAW 002149

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STATE PASS TO USTR WMOORE

USDOC FOR 4232/ITA/MAC/EUR/JBURGESS, JKIMBALL, MROGERS

TREASURY FOR MGAERTNER

E.O. 12958: N/A

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SUBJECT: WARSAW STADIUM CLOSES (SORT OF)

REF: WARSAW 1918

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¶11. (U) Summary: On October 1, government authorities closed the "crown" of the Warsaw Stadium, where most trade in pirated goods had taken place. The periphery of the Stadium is still open to traders. Counterfeit goods can still be found, although the quantity seems to be less, and the goods are less brazenly displayed. The Polish government is still struggling to find a new location for the market. Ironically, its efforts may be frustrated by the recently-enacted anti-business "Big Box Store" law. Closing the Stadium's crown represents incremental but real progress toward greater respect for intellectual property rights in Poland. End summary.

Stadium's "Crown" Closes

¶12. (U) On October 1, traders in the "Russian Market" at the Warsaw Stadium were expelled from the top or "crown" of the Stadium. The crown was the center of trade in pirated and counterfeit goods, partly because the distance from the Stadium entry to the crown allowed sufficient time for lookouts to warn traders of police raids. On October 5, EconOff observed that access to the crown is now blocked by barricades, which are guarded by police.

Trade in Pirated Goods Continues, But Less Obviously

¶13. (U) Traders continue to occupy stalls on the periphery of the Stadium. On October 5, most of the permanent stalls seemed to be occupied by Poles or Vietnamese selling cheap but genuine goods. Trade in counterfeit goods continues, but is far less apparent than in the past (reftel). For example, several times Russians approached EconOff offering films and music, as well as cell phones (presumably stolen) and watches. However, there were no DVDs openly displayed. One trader offered EconOff cigarettes. When asked what type he had, the trader opened his car trunk and -- while casually shoving cartons inside his coat -- revealed four large plastic sacks full of cartons of different brands.

¶14. (U) Some of the African traders, who previously controlled much of the crown's trade in counterfeit athletic shoes and sportswear, have relocated to a spot behind the

Stadium parking lot. Only legitimate goods were on display, the sole exception noted being a single "Nike" shirt. However, when EconOff asked one trader standing in front of a pile of nondescript no-name coats whether anything was available "with a name on it," he was immediately surrounded by a dozen traders. One pulled a "Puma" shoe out of his coat pocket, while another unzipped his jacket to reveal he was wearing at least three "Puma" sweatshirts, sales tags attached. Others frantically began pulling counterfeit sportswear from hiding placing in duffel bags. The traders' opening offer for Puma shoes was PLN 65 (about USD 24), while sweatshirts went for PLN 40 (about USD 15). Prices were, of course, negotiable.

¶5. (SBU) Counterfeit goods could be found, with some looking, but that fact needs to be kept in perspective. The new locations are not well-known. EconOff was only able to find the knock-off shoe and sweatshirt traders by following a trader packing a bulging duffel bag, and that trader was only spotted after over an hour spent looking. The number of traders appeared greatly diminished, and the volume of goods available seemed to be a fraction of what it had been. In contrast, the presence of police was much more noticeable. Closing the crown dealt a real and substantial blow to trade in pirated goods.

Big Box Store Law May Block Efforts To Relocate Traders

¶6. (SBU) The Polish government is still trying to settle on a new location for the market. All of post's IPR contacts -- the police, concerned ministries, and industry representatives -- have stressed the importance of the new market having specific points of entry and exit so that the police can prevent counterfeit goods being brought into the market space. One of the most frequently-mentioned possible

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locations, in the eastern suburbs of Warsaw, is currently an empty field. Time would be required to construct market stalls there (although the Ministry of Sport has stated that the traders should be able to remain on the periphery of the Stadium until design work on a new stadium is completed in mid-2008). The other most frequently-mentioned possible location, in the northern suburbs of Warsaw, currently contains shabby old warehouses. However, over 20,000 residents there have signed a petition opposing having the market in their backyards. The local mayor, as well as members of the local council (rada gmina), have stated they will not give their approval for siting the market there. Such approval would be needed under Poland's new "Big Box Store" law.

¶7. (SBU) The brainchild of a Self-Defense (Samooprona) representative who owns a chain of small convenience stores, the Big Box Store Law (formally, the Law on Creation of Large Retail Units) was enacted on May 21. It requires a positive opinion from the local council (rada gmina) and a special permit from the local mayor to create retail units with a sales area greater than 400 square meters. For retail units in excess of 2,000 square meters of retail space, a positive opinion from the regional council (sejmik wojewodztwa) is also required. Requiring these permits increases opportunities for corruption. Post worked extensively with business groups to limit the law's negative impact by exempting existing investments from the law. Nevertheless, the law poses a cumbersome and potentially insurmountable barrier to market access for supermarkets, shopping mall developers and "big box" retailers. Poland's Ombudsman has challenged the law in the Polish Constitutional Court, but the Court has not yet ruled on the matter.

Comment: Closing Crown Represents Real Progress

¶8. (U) The Russian market is not closed completely, and, with a little looking, counterfeit goods can still be found. However, the worst part of the market now stands behind barricades, empty. Trade in counterfeit goods is much less apparent than just a few weeks ago, and the number of traders appears to be waning. The government still faces some hurdles to closing the Stadium completely, but things are finally moving in the right direction.

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